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Greece

Cotton and Products Annual

2018

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Report Highlights:

Greece is the EU's main cotton grower, accounting for more than 80 percent of total European production. In MY 2017/18, cotton production is estimated at 1.24 million bales, up 20 percent from the previous season due to favorable weather conditions during harvest and good yields in the major cotton growing areas. Greece is a major cotton exporter. Turkey was the main destination in MY 2016/17, accounting for approximately 36 percent of all exports.

Production:

Cotton Lint

Table 1: Production, Supply, and Demand (1000 480 lb. Bales)

	2016/2017		2017/2018		2018/2019	
Cotton	Market Year Begin: Aug 2016		Market Year Begin: Aug 2017		Market Year Begin: Aug 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	200	210	250	230		240
Beginning Stocks	152	152	120	120		95
Production	1,033	1,033	1,240	1,240		1,250
Imports	27	27	25	25		23
Total Supply	1,212	1,212	1,385	1,385		1,368
Exports	1,022	1,022	1,100	1,170		1,170
Use	70	70	90	95		95
Loss	0	0	0	25		25
Total Dom. Cons.	70	70	90	120		120
Ending Stocks	120	120	195	95		78
Total Distribution	1,212	1,212	1,385	1,385		1,368
(1000 HA), 1000 480 lb. Bales						

Source: FAS estimates based on Greek industry contacts

Greece is the EU's main cotton grower, accounting for more than 80 percent of total European production. Cotton is a crop of high importance for Greek agricultural production, accounting for more than 8 percent of total agricultural output. Thessaly, Macedonia, Thrace and Mainland Greece are the major cotton-producing areas. Cotton in Greece is planted from March 1 to April 15 and the crop life cycle is usually 170 to 210 days, depending on the variety and weather conditions. The harvest normally occurs from October 1 to November 30, and most of the cotton is machine harvested.

Greece's MY 2017/18 cotton production is estimated at 1.24 million 480 lb. bales, up 20 percent from the previous season due to favorable weather conditions during harvest and good yields, which are expected to be higher than last year in the major cotton growing districts of Thessaly and Macedonia. MY 2017/18 cotton acreage increased 9.5 percent, registering 230,000 ha, at the expense of durum wheat and corn acreage. Rains in late September have delayed the harvest of early varieties but favored the quality and yield in Central Greece, thus this year's quality is expected to be very good. Greece's MY 2018/19 cotton area is forecast to increase by 4.3 percent after a fairly good campaign last year in terms of yields and prices. Greek farmers saw the seed cotton farm-gate prices delivered to Thessaly ginning units vary from 0.49 €/kg up to 0.53 €/kg in November 2017, approximately 12 percent higher than the previous year.

The Ministry of Rural Development and Food granted cotton farmers two special exemptions for plant growth regulators, and three for acaricides, for use during the period between July and December, 2017.

Greek ginning companies have a high production capacity, as most of the ginning units were built in the 90's, but cotton production has significantly decreased since then. Nearly 80 percent of the companies are privately owned while the remainder are cooperatives. Greece's financial crisis has negatively affected the cotton market, creating greater risk and uncertainty. Without help from the banks many ginneries and cooperatives are unable to store their stocks with current market prices. There is also debate concerning the survival of cooperatives that accustomed to receiving large agricultural loans that are no longer available. Ginners generally do not contract with growers but compete with each other to purchase the crop.

Consumption:

Domestic spinners consume approximately 10 percent of lint production and the remainder is exported. The supply of ginned cotton is fragmented, since even the largest enterprises cover only a small part of domestic production. Most production units are involved in intense export activity, selling their products to foreign markets. About 55 percent of cottonseed production is crushed for oil and oilseed cake or retained for seed. The cottonseed oil is traditionally used in foods and the snack-food manufacturing industries or converted into biodiesel.

Trade:

Greece is a major cotton exporter. Cotton lint exports during MY 2015/16 fell by 17.6 percent driven by reduced production and lower quality. Turkey was the main destination, representing 52 percent of total exports, followed by Egypt (20.8 percent), and Indonesia (8.9 percent). Cotton lint imports increased 49.2 percent during MY 2015/16 to compensate for reduced cotton production, but generally only small amounts of cotton are imported for blending by the domestic spinning industry.

Table 2: Cotton Lint Exports (480 lb. bales)

	Aug-Jul 14/15	Aug-Jul 15/16	Aug-Jul 16/17
EU-28	50,311	24,898	52,043
Germany	11,243	10,770	19,607
Italy	17,637	3,647	13,467
United Kingdom	5,438	3,720	7,542
Bulgaria	9,025	6,655	4,873
Extra EU-28	1,114,643	934,471	970,328
Turkey	587,059	499,177	364,589
Indonesia	142,685	85,622	176,668
Egypt	200,226	199,964	152,969
Vietnam	17,908	795	71,145
China	19,708	0	63,737

Bangladesh	8,965	8,318	42,889
World	1,164,954	959,369	1,022,371

Source: GTA (Global Trade Atlas)

Table 3: Cotton Lint Imports (480 lb. bales)

	Aug-Jul 14/15	Aug-Jul 15/16	Aug-Jul 16/17
EU-28	4,575	4,492	7,188
Bulgaria	0	2,255	3,922
Spain	4,441	2,076	1,975
Germany	110	110	1,258
Extra EU-28	13,875	23,025	19,764
Turkey	7,799	15,226	12,897
India	3,950	4,556	3,128
Pakistan	845	1,649	1,888
World	18,450	27,521	26,952

Source: GTA

Policy:

The future of the cotton sector in Greece is strictly related to the subsidy scheme and how CAP reform is implemented. Starting in 2015, the new CAP amended Greek farmers' historical rights, determining that should a farmer not cultivate more than 50 percent of their land they would not qualify for aid. In order to link Greece with the Europe 2020 strategy for smart, sustainable and inclusive growth, the European Commission organized an extensive public outreach effort to develop the new CAP in Europe. The radical change in the orientation of the CAP is demonstrated by the evolution of expenditure away from product based support towards producer support and considerations for the environment. The current CAP is greener and, in theory, aid is more equitably distributed under the first pillar, which describes direct payments to farmers. The direct support arrangements mark a shift from 'decoupling' to 'targeting', meaning decoupling aid has been replaced by aid which is linked to specific objectives. From 2014 onwards, the allocation of direct payments dedicated to coupled support depends upon the choices made by Member States. The crop-specific payment for cotton is a coupled payment granted per hectare of eligible area of cotton. The area is only eligible if it is located on Greek agricultural land authorized for cotton production, sown with certified varieties and actually harvested under normal growing conditions. Additionally, the Ministry of Rural Development and Food publishes an annual list in the Government Gazette that sets the minimum amounts of cotton delivered to the ginneries in order to receive the subsidy. Three categories of producers are identified according to the size of the land cultivated: cotton producers with less than 10 hectares; cotton producers with 10-15 hectares; and cotton producers with more than 15 hectares. Producers with less than 10 hectares receive the basic area payment (70 percent) and a green aid (30 percent). Producers that cultivate an area from 10-15 hectares need to follow different rules to obtain the green aid. These farmers must cultivate at least two crops and the main crop cannot exceed 75 percent of the total cultivated area. Producers with more than 15 hectares must also maintain an "ecological focus area", equivalent to at least 5 percent of the total arable area of the farm. The ecological focus area can be cultivated with alfalfa, legumes, vetch (*Vicia sativa* plant), or left uncultivated. The second pillar is focused on increasing

competitiveness and innovation and managing climate change and the environment. Its purpose is to set the EU's rural development policy. The future of Europe's post-2020 agricultural policy is currently being discussed specifically focusing on direct payments, environmental measures, and rural development.

Textile products

According to the Hellenic Association of Textile Industries (SEVK), the Greek textile industry has been suffering from increased third-country imports (mainly from China, Pakistan, and India). This has affected the sector in Greece, forcing many small Greek companies to shut down. As a consequence, the sector has shrunk approximately 70 percent compared to the 80's, with a high unemployment rate. According to the Hellenic Fashion Industry Association (SEPEE), the economic crisis has also affected the textile manufacturing industry. In 2016, the fashion industry business turnover increased by 1.5 percent compared to the previous year. Cotton yarn exports in MY 2016/17 decreased by 4.6 percent, mostly due to decreased exports to Italy and Spain, while imports decreased 8.9 percent with the main suppliers being Turkey, Bulgaria, India, and Croatia.

Table 4: Cotton Yarn Imports (480 lb. bales)

	Aug-Jul 14/15	Aug-Jul 15/16	Aug-Jul 16/17
EU-28	5,971	6,926	6,306
Bulgaria	4,588	5,057	2,834
Croatia	367	657	1,575
Germany	446	625	1,401
Portugal	78	110	230
Extra EU-28	16,121	16,902	19,989
Turkey	13,852	14,541	17,044
India	1,047	997	1,640
Egypt	1,038	1,015	937
Pakistan	142	152	197
World	22,092	23,828	26,295

Source: GTA

Table 5: Cotton Yarn Exports (480 lb. bales)

	Aug-Jul 14/15	Aug-Jul 15/16	Aug-Jul 16/17
EU-28	40,795	45,576	43,463
Germany	12,075	11,354	12,429
Italy	7,817	10,150	9,604
Bulgaria	2,205	2,664	3,922
Spain	6,168	7,560	3,362
Extra EU-28	1,957	2,292	2,292
Switzerland	1,185	1,176	1,355
Macedonia	96	358	326

Tunisia	303	239	285
Serbia	211	96	220
World	42,751	47,868	45,755

Source: GTA

Table 6: Cotton Fabric Imports (480 lb. bales)

	Aug-Jul 14/15	Aug-Jul 15/16	Aug-Jul 16/17
EU-28	4,529	4,997	4,607
Italy	2,567	2,485	2,471
Spain	432	634	675
Bulgaria	409	478	455
Germany	464	813	326
Extra EU-28	11,285	11,239	16,447
China	1,970	2,747	6,715
Pakistan	5,429	5,553	5,764
Turkey	2,655	2,177	2,898
India	496	202	551
World	15,814	16,236	21,054

Source: GTA

Table 7: Cotton Fabric Exports (480 lb. bales)

	Aug-Jul 14/15	Aug-Jul 15/16	Aug-Jul 16/17
EU-28	4,115	3,380	6,981
Italy	32	303	3,913
Bulgaria	3,725	2,788	2,756
Romania	73	69	92
Cyprus	73	110	87
Extra EU-28	2,471	1,162	1,663
Albania	363	565	914
Macedonia	335	262	312
Turkey	1,603	197	257
Serbia	5	55	73
World	6,586	4,542	8,644

Source: GTA

Abbreviations and Definitions Used in this Report

The PSD tables are prepared based on an August 1 to July 31 marketing year.
HS codes considered for Lint Cotton trade data: 5201

HS codes considered for Yarn Cotton trade data: 5204, 5205, 5207

HS codes considered for Fabric Cotton trade data: 5208, 5209

EU European Union

Ha hectare; 1 ha = 2.471 acres

MT Metric ton = 1,000 kg

1 MT = 4.593 480 lb. bales

480 lb. bale equivalent to 218 kg bale